

## **Political Reform Act Task Force**

### **Topic**

### **Simplify Forms**

### **Members:**

### **Cassady/Keeley**

### **Long Term Goal.**

This Committee strongly recommends that in order to simplify reporting, a new electronic data/record based system must be put in place. A centralized system designed with multiple search functions and available to all candidates and political groups will ease the burden of reporting and improve transparency in political campaigns for citizens.

The Committee was able to do a little research and it looks like the State of Oregon Secretary of State may have one of the best data-based information filing and search systems.

### **Short Term Recommendations**

Moving to a data driven campaign disclosure system will enhance transparency and ease the reporting burden. However, the reporting system can not be simplified without addressing some of the underlying campaign rules that make disclosure overly complex for candidates, committees, treasurers and voters. Thus, this Committee has short term recommendations and other ideas that result in simplified reporting.

1. Until an electronic system is implemented, this Committee recommends consolidating some of the current forms. This recommendation is predicated on the goal of revising the filing deadlines so that more frequent filings are required in an off-election year. If a quarterly filing system is adopted the following forms may no longer be necessary:

- Form 495 –supplemental pre-election report. This report identifies donors of

\$10,000 or more in special elections.

- Form 465. Supplemental independent expenditure report. This report identifies persons making independent expenditures of \$1,000 or more.
- Form 460. Odd Year Report. The purpose of this report was to track money spent on the legislative races in off-election years. In fact there has recently been significant press on the money spent when the budget is being debated and other significant state policy issues.

This Committee also recommends that filing deadlines for special reports that are now triggered at various times: 90 day, 45 day & 16 day should be revised with one set time period selected and applicable to all committees. Further, the information now required on these special reports would be consolidated into one form. This will greatly simplify the number of reports filed and simplify the form instructions. For example, one form would be completed to disclose late independent expenditures, late contributions, issue advocacy payments and paid spokesperson reports.

Further, this Committee recommends that the basic disclosure forms be consolidated into one. This will result in less confusion on what form discloses a campaign's overall activity. For example, the Form 460 would be revised to include the reporting now displayed on Form 450, Form 470, Form 461 and Form 425. A simple check box on the cover page could be marked if a committee/candidate had little or no activity.

Lastly, this Committee recommends combining all information related to starting a campaign into one form by incorporating the statutory requirements now listed on the Form 501 to the Form 410.

## **2. Simplify reporting for candidates/committees that are inactive.**

This Committee recognizes the burden of campaign reporting on campaigns that do not raise a significant amount of money and have volunteer treasurers. Therefore, the Task Force should consider a statutory amendment that would allow for committees that have a limited amount of funds (e.g. \$10,000 or less) to "freeze" its status--no reporting required. There would be set conditions such as the freeze would exist for a set time period and only a very limited amount of activity could occur during this period. Such a system would allow small committees that are active only every two or four years to avoid quarterly or semi-annual reporting.

Further, there seems to be no public purpose to file reports with no activity. The Form 410 could identify such committees so the public would know when a committee is inactive.

### **3. Standardize the rules for Sponsored Committees and Multi-purpose organization and out-of-state political committees.**

Whether California uses an electronic or form based system for campaign reporting, the reporting rules must be more uniform across committees and simplified.

#### **a. Sponsored Committees.**

Currently the FPPC advice line receives a significant volume of calls related to whether a person qualifies as a sponsor of a political campaign. Current rules do not allow for a time period for making a determination. For example, a committee may have a sponsor that has not contributed to the committee in many years. Applying the statutory tests to a two or four year time limit would be more consistent with the rules for other committees that must identify top contributors.

#### **b. Out-of state PACs and multi-purpose organizations.**

The Commission should consider adopting regulations that require a standard and uniform reporting system for these groups that occasionally participate in California campaigns. One suggestion is to apply the LIFO (Last in, First out) method to determine sources of funds to these groups. In this manner, all organizations are treated the same and the public is provided information on funding sources close to the election. Although these organizations may not be frequent contributors they often are major players in ballot proposals that affect their industry. Such a proposal would significantly reduce reporting calls to the FPPC.

#### **c. Revisit the Expenditure Codes**

Whether campaign reporting is data driven or form driven, the Commission should review and revise the use of expenditure codes. The current system is confusing and generates numerous questions on whether a particular expenditure falls into one or another code. This Committee recommends reducing the number of expenditure codes and requiring that all expenditures be coded. In this manner, the data would be uniform and easier to understand. The public should be able to quickly determine the amount of money their elected representative spent on voter

registration vs. campaign travel and gifts.

## **Transparency for California Voters**

The express purpose of the PRA is to provide voters with information on campaign funding so that they may make informed decisions. The following recommendations address issues that will result in more accurate reporting so that the public has a true picture of the money raised and spent.

### **a. Online Training of Treasurers**

Campaign treasurers and assistant treasurers should take mandatory training. As stated earlier, many of the errors and problems in small and volunteer campaigns could be reduced by instituting an electronic data reporting system. However, until that is in place, the individual responsible for preparing the reports and records should be required to educate themselves on the basic rules. The training could be required before the committee ID is issued, thus the treasurer would be signing under penalty of perjury that he/she had taken time to review state law. A free online training program should be posted on the FPPC website. Many of the advice calls to the FPPC would be reduced if the caller was mandated to review the rules.

### **b. Amendment Tracking**

A procedure must be adopted to provide the public with more transparency on amendments. For example, during the last 16 days before the 2010 General Election, there were significant amendments filed. However, there is no easy and uniform method to determine if a statement was amended and if so what was amended.

### **c. Enhanced fines for certain late reports**

Currently other state laws have provisions that trigger an increase in a late fine. The same should be considered for campaign reports, particularly when large donations made before an election are not timely reported. For example, if a candidate received a donation from a person who is unpopular and failed to report it before the election, yet after the election filed an amendment, an automatic enhanced late fine from the filing officer would be imposed. Conditions could be established such as a threshold of \$5,000 for small campaigns and \$25,000 for large campaigns.

**d. Assign one number to each candidate and treasurer.**

This idea was proposed by former FPPC Chairman Ross Johnson. **"The first time you run for office, you are assigned a candidate ID number, and that number, like your social security number, follows you for the rest of your life. Any campaign you ever run in California would be required to have that ID number ... so that someone who wants to know about you can look back over the last 30 years and see 'here's who supported Johnson.'"**

Such a procedure would link each campaign committee that an individual opened. Term limits has changed the landscape and individuals seek and serve in different offices, tracking the different committees can be difficult.

Further, candidates and committees should be able to review the business history of treasurers. The idea is to provide the public with a means to review a treasurer's business record. It may be useful and save time for a new candidate to log on to a website and find a treasurer in his/her zip code along with committee contacts. The Commission might look to methods used by the Department of Consumer Affairs for other professions.

**e. Review Campaign Thresholds for reporting and incorporating as a committee.**

This committee supports recommendations to revisit the current campaign reporting thresholds that have not been adjusted in many years. If the purpose of disclosure is for voters to determine if a large campaign contribution may trigger undue influence, the influence is dependent upon the relationship to the overall committee's activity. The amount of campaign spending has significantly increased, primarily on the state level and in local elections in certain metropolitan areas. Therefore, a fresh look at how campaign thresholds are set is needed. We propose that a state campaign that raises \$10,000 should be treated more like a local committee that raises \$10,000 than a state committee that raises millions of dollars. The current one size fits all reporting is not equitable and does not make sense when campaigns vary from \$5,000 to \$150 million dollars or more.

**f. Review the "Surplus Use Restrictions"**

The FPPC advice line receives a large volume of calls from local candidates who

unknowing violate the surplus funds rules. Such candidates find the rules complicated and have difficulty understanding why an incumbent can use leftover funds to campaign in four years and they can not. Unless a candidate has a professional advisor many miss the short deadline to transfer funds into a future election committee. Further, many defeated local candidates, have expressed that it seems inappropriate that the only means of maintaining the funds is to establish a future campaign committee for an office they may or may not seek. A review of these rules and their effectiveness is suggested.